

Program Income from Rental Property

Instructions for Grantees and Sub-Grantees

Acquisition – Rehabilitation – Rent

Activity Definition:

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties¹

Property Held for Rental Housing

The Cash Flow on NSP acquired property (see Exhibit R-1) is Program Income.

If the Grantee or Sub-Grantee subsequently sells rental property, the proceeds of the sale are Program Income. The State will allocate the proceeds using the procedures described in the NSP Amendment to the Consolidated Plan.

Lease Purchase

For the period a property operates as rental housing, recipients will calculate NSP Program Income following the instructions above.

The amount of rent payment set aside as part of the occupant's eventual purchase is not included as rental property income.

When a recipient sells property under a lease-purchase activity, follow the Program Income instructions for Sale of NSP Acquired Property

¹ NSP Section 2301(c)(3)(B)

Exhibit R-1 Program Income from NSP Rental Project

The following example illustrates revenues that are considered NSP Program Income. [Note: The example is based on the DOH application format (10 year Operating Pro Forma worksheet), adjusted for NSP purposes omitting information related to Low Income Housing Tax Credits]

Rent Income	\$1,000	
Less Vacancy	\$50	
Other Income	\$10	
Effective Gross Income	\$960	
Total Annual Expenses - Includes all reasonable fees and payments to operating and replacement reserves	\$760	
NET OPERATING INCOME	\$200	
Debt Service on NSP financing (if any)	\$50	NSP PROGRAM INCOME
Other Debt Service	\$50	
Total Debt Service	\$100	
Cash flow Available	\$100	NSP PROGRAM INCOME Proportion of total based on proportion of NSP funding to total project development cost

Grantees will complete (or obtain from its Sub-Grantees) the Rental Property – Annual Financial Summary for each NSP assisted rental property promptly after the end of each annual operating period.

Remittance of Program Income

Submit the Annual Financial Summary and any Program Income identified no later than 45 days after the end of the annual operating period to:

Manager of Budget and Finance
Colorado Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203